

FISCAL NOTE

SB 2889 - HB 2843

March 3, 1998

SUMMARY OF BILL Requires the Department of Health and the Commission on Aging to develop a comprehensive plan for long-term care services by January 1, 1999. Requires that five percent of the fiscal year 1998-1999 budget for total Medicaid long-term care be allocated to home and community based services. An additional five-percent of the budget is to be allocated each year for three years until twenty percent of the long term care budget for nursing facilities is diverted to home and community based services. The Department of Health is to set goals to reduce nursing home admissions so that funds are available for increasing home and community based services. The bill states that reductions in nursing facility reimbursement rates are not to restrict the supply of nursing home beds but should come from indirect costs rather than patient care. The bill allows for cost sharing based upon patient income, to prioritize funding for those most in need, and utilization of a case manager system.

ESTIMATED FISCAL IMPACT

**Increase State Expenditures - \$16,700,000 Each Year FY1998/99 -
FY2001/02 - Home and Community Based Services**
**Decrease State Expenditures - \$16,700,000 Each Year FY1998/99 -
FY2001/02 - Nursing Facility Services**

Other Fiscal Impact -
**Increase Federal Expenditures \$29,700,000 - Each Year FY1998/99 -
FY2001/02 - Home and Community Based Services**
**Decrease Federal Expenditures \$29,700,000 - Each Year FY1998/99 -
FY2001/02 Nursing Facility Services**

Assumes a transfer of five percent of the total budget for nursing facility services each fiscal year for 4 fiscal years, beginning with fiscal year 1998-1999, to home and community based services. The estimated annual amount to be transferred is based on the proposed FY1998/99 budget for nursing facility services.

For informational purposes the Department of Health has stated that the language of the bill could be interpreted to require the establishment of an entitlement program for home and community based services. This interpretation would result in coverage for approximately 279,000 Medicaid eligible persons age 65 and over who would qualify for the service with a corresponding increase in cost.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is written in a cursive style with a large, stylized "J" and "D".

James A. Davenport, Executive Director